

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Nan Hai Corporation Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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南海控股有限公司*

NAN HAI CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
TERMINATION OF EXISTING SHARE OPTION SCHEME
ADOPTION OF NEW SHARE OPTION SCHEME
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 28 May 2012 at 10:45 a.m. is set out on pages 24 to 27 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete and return the enclosed form of proxy to the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the annual general meeting or any adjourned meetings should you so wish.

* *For identification purpose only*

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 28 May 2012 at 10:45 a.m. or any adjournment thereof, notice of which is set out on pages 24 to 27 of this circular
“associates”	has the same meaning as ascribed under the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company as may be amended from time to time
“Company”	Nan Hai Corporation Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Connected Person”	has the same meaning as ascribed under the Listing Rules
“Directors”	the directors of the Company
“Eligible Employee”	means any employee (whether full time or part time employee, including any executive directors but not any non-executive director) of the Company, its Subsidiaries and any Invested Entity
“Existing Mandates”	general mandates to issue and repurchase shares of the Company granted to the Directors at the annual general meeting held on 16 May 2011
“Existing Scheme”	the existing share option scheme of the Company which was adopted by the Company on 29 August 2002 and expiring on 28 August 2012 and which is to be terminated upon the adoption of the New Scheme
“General Scheme Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Group and which must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the New Scheme
“Grantee”	any persons who are eligible for granting Options
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Latest Practicable Date”	18 April 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in the Appendix III
“Option”	An option to subscribe for Shares granted pursuant to the New Scheme
“Participant”	means any person belonging to any of the following classes of participants : (a) any Eligible Employee; (b) any non-executive director (including independent non-executive director) of the Company, any of its Subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity; (e) any person or entity that provides research, development or technological support or other services to the Group or any Invested Entity; (f) any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and (g) any ex-employee who has contributed or may contribute to the development and growth of the Group and any Invested Entity
“Repurchase Resolution”	the resolution to be proposed at the AGM for the granting to the Directors of a general mandate to repurchase Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shareholders”	registered holders of Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company or if there has been a sub-division, consolidation, reclassification of or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which the Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Scheme
“Subsidiary”	a subsidiary for the time being of the Company (within the meaning of Section 2 of the Companies Ordinance, whether incorporated in Hong Kong or elsewhere)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



南海控股有限公司*

NAN HAI CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

Directors:

YU Pun Hoi (Chairman)

CHEN Dan

LIU Rong

WANG Gang

LAM Bing Kwan[#]

HUANG Yaowen*

JIANG Ping*

LAU Yip Leung*

[#] Non-executive Director

* Independent Non-executive Directors

Principal place of business in Hong Kong:

Units 15–18, 36/F.

China Merchants Tower, Shun Tak Centre

168–200 Connaught Road Central

Hong Kong

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

26 April 2012

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
TERMINATION OF EXISTING SHARE OPTION SCHEME
ADOPTION OF NEW SHARE OPTION SCHEME
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for the approval of:

- (1) the granting to the Directors of general mandates to issue and repurchase Shares and the extension of the general mandate to issue Shares by adding to it the amount of Shares repurchased;
- (2) the re-election of Directors; and
- (3) the termination of existing share option scheme and adoption of new share option scheme.

* For identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the AGM, ordinary resolutions will be proposed to grant to the Directors the general mandates, in substitution for the Existing Mandates, to:

- (i) allot, issue or otherwise deal with Shares or convertible securities up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution (“Issue Mandate”);
- (ii) repurchase on the Stock Exchange Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution (“Repurchase Mandate”); and
- (iii) add to the general mandate given to the Directors under sub-paragraph (i) above any Shares repurchased pursuant to the general mandate under sub-paragraph (ii) above up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution.

The explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Resolution is set out in Appendix I to this circular. The explanatory statement contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 99 of the Bye-Laws, Mr. Yu Pun Hoi, Ms. Chen Dan, Ms. Liu Rong and Prof. Jiang Ping shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM. Particulars of these directors are set out in Appendix II to this circular.

TERMINATION OF THE EXISTING SCHEME

By a resolution of the then Shareholders passed on 29 August 2002, the Existing Scheme was adopted. Under the Existing Scheme, the Directors were authorised to grant options to directors, employees of the Group and those who have contributed or will contribute to the Group.

As at the Latest Practicable Date, there is no outstanding options pursuant to the Existing Scheme carrying the right to subscribe for Shares.

Other than the Existing Scheme, the Company currently does not maintain any other share option scheme.

For the reasons stated below, the Board proposes to terminate the Existing Scheme and adopt the New Scheme which are subject to the approval of the Shareholders at the AGM.

Upon the termination of the Existing Scheme, no further options would be offered pursuant to the Existing Scheme but the Existing Scheme would in all other respects remain in force to the extent necessary to give effect to the exercise of the outstanding options granted under it prior to its termination (the “Existing Options”). The Existing Options will continue to be valid and exercisable in accordance with the terms of the Existing Scheme.

LETTER FROM THE BOARD

ADOPTION OF THE NEW SCHEME

The New Scheme

Set out on pages 16 to 23 of this circular are the principal terms of the New Scheme. The rules of the New Scheme proposed to be adopted by the Company at the AGM will be available for inspection at the Company's principal place of business in Hong Kong at Units 15–18, 36/F., China Merchants Tower, Shuk Tak Centre, 168–200 Connaught Road Central, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of AGM.

Under the principal terms of the New Scheme, the scope of eligible participants which include:

- (a) any employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Company, its subsidiaries and any Invested Entity;
- (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or technological support or other services to the Group or any Invested Entity;
- (f) any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (g) any ex-employee who has contributed or may contribute to the development and growth of the Group and any Invested Entity.

The initial maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted under the New Scheme and any other share option schemes of the Company (including the Existing Scheme) may represent up to the General Scheme Limit, which maximum number may however be refreshed as detailed in paragraph 3 of “Principal Terms of the New Share Option Scheme” to this circular.

On the basis of 68,645,535,794 Shares in issue as at the Latest Practicable Date and assuming that, prior to the AGM, no Shares are issued or repurchased by the Company, the General Scheme Limit will be 6,864,553,579 Shares.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes adopted by the Company shall not exceed 30% of the Shares in issue from time to time. And no options may be granted under the New Scheme or any other share option schemes adopted by the Company if the grant of such Option will result in the limit above being exceeded.

LETTER FROM THE BOARD

The terms of the New Scheme provide that in granting Options under the New Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have the discretion in determining the Subscription Price in respect of any Option, provided that the relevant requirements in the Listing Rules are complied with.

The Directors are of the view that the flexibility given to the Directors to impose the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

The Company is not required to appoint any trustee for the purpose of administering the New Scheme. The New Scheme will be subject to administration of the Board. None of the Directors is or will be a trustee of the New Scheme or have a direct or indirect interest in any such trustee.

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders have a material interest in the New Scheme different to that of any other Shareholders and accordingly, no Shareholders will have to abstain from voting at the AGM on the resolution approving the adoption of the New Scheme.

Conditions of the adoption of the New Scheme

The adoption of the New Scheme is conditional upon (i) the termination of the Existing Scheme by an ordinary resolution at the AGM; (ii) the approval of the New Scheme at the AGM and the allotment and issue of the Shares which may fall to be allotted and issued upon the exercise of the options granted under the New Scheme; and (iii) the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon the exercise of the options granted up to 10% of the Shares in issue as at the date of the AGM under the New Scheme.

Application has been made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares representing 10% of the issued share capital of the Company as at the date of the AGM which may fall to be allotted and issued upon the exercise of options to be granted under the New Scheme.

Reasons for the adoption of New Scheme

The purpose of the New Scheme is to provide incentives or rewards to Participants thereunder for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

The Existing Scheme will be expired on 28 August 2012. The Directors consider that it is appropriate to adopt the New Scheme.

LETTER FROM THE BOARD

Values of all options that can be granted under the New Scheme

The Directors consider that it is not possible to state the value of all options that may be granted pursuant to the New Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. As options have not been granted under the New Scheme, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful to the Shareholders.

ANNUAL GENERAL MEETING

The Board has resolved to convene the AGM to consider and, if thought fit, by the Shareholders, to approve the proposed resolutions as set out in the notice of AGM on pages 24 to 27 of this circular. Whether or not you are able to attend and vote at the AGM, you are requested to complete and return the enclosed form of proxy to the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the AGM or any adjourned meetings should you so wish.

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to Bye-law 70 of the Bye-Laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

According to the amended Rule 13.39(4) of the Listing Rules which became effective on 1 January 2009, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure that the chairman of the AGM shall demand voting on all resolutions set out in the notice of AGM be taken by way of poll.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that all the resolutions proposed in respect of the above, including the proposals for the re-election of the Directors, the grant of the general mandate to issue, allot and repurchase Shares and the extend of the Issue Mandate, the termination of the Existing Scheme and adoption of the New Scheme, are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend all Shareholders to vote in favour of all the resolutions set out in the notice of AGM.

Yours faithfully,
By order of the Board of
Nan Hai Corporation Limited
Yu Pun Hoi
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate.

SHAREHOLDERS' APPROVAL

The Listing Rules provide that all securities repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of a general mandate, or by a specific approval in relation to a specific transaction. All the shares proposed to be repurchased by the issuer are fully paid up.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company is HK\$686,455,357.94 comprising 68,645,535,794 Shares. As at the Latest Practicable Date, there were no outstanding share options granted under the share option scheme entitling holders thereof to subscribe for Shares.

Subject to the passing of the relevant resolution to approve the grant of the Repurchase Mandate and on the basis that no further Shares are to be issued or repurchased prior to the AGM, the Company would be allowed to allot and issue a maximum of 13,729,107,158 Shares under the Issue Mandate and to repurchase a maximum of 6,864,553,579 Shares under the Repurchase Mandate.

REASON FOR REPURCHASE OF SHARES

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

As compared with the financial position of the Company as at 31 December 2011 (being the date to which its latest audited accounts were made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event that the mandate granted pursuant to the passing of the Repurchase Resolution was to be exercised in full during the proposed repurchase period. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

FUNDING OF REPURCHASE

In repurchasing any Shares, the Company may only apply funds legally available for such purpose in accordance with the applicable laws of Bermuda and the Bye-Laws.

The Companies Act 1981 of Bermuda (as amended) further provides that no repurchase by a company of its own shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

To the best of the knowledge of the Directors have made all reasonable enquiries, none of the Directors nor any associates of the Directors has a present intention, in the event that the Repurchase Resolution is passed by the Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has an intention to sell Shares to the Company nor has any connected person of the Company undertaken not to sell any of the Shares held by him/her to the Company, in the event that the Repurchase Resolution is passed.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution in accordance with the Listing Rules, the applicable laws of Bermuda and the Bye-Laws.

EFFECT OF TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the mandate granted by the passing of the Repurchase Resolution, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the shareholder's interest, may become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, Mr. Yu Pun Hoi ("Mr. Yu"), the chairman of the Company, who, together with his associates through companies controlled by them (including Macro Resources Ltd.) and CITIC Group Corporation (formerly known as CITIC Group), a party acting in concert with Mr. Yu, are totally interested in approximately 58.14% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Resolution, the shareholding of Mr. Yu and his associates and CITIC Group Corporation will be increased to approximately 64.60% of the then issued share capital of the Company. The Directors believe that such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code.

The Directors have undertaken not to make any repurchase in the circumstances that Shares in the hand of the public would fall below the relevant prescribed minimum percentage (i.e. 25%).

SHARE PRICES

The highest and lowest traded prices for Shares on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	PER SHARE	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
April	0.053	0.047
May	0.048	0.042
June	0.046	0.038
July	0.039	0.035
August	0.037	0.029
September	0.040	0.028
October	0.035	0.027
November	0.040	0.031
December	0.040	0.032
2012		
January	0.035	0.031
February	0.041	0.033
March	0.038	0.021
April (up to and including the Latest Practicable Date)	0.032	0.023

SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any Shares on the Stock Exchange in the six months preceding the Latest Practicable Date.

PARTICULARS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED:**Mr. Yu Pun Hoi** — *Executive director*

Mr. Yu Pun Hoi, aged 53, joined the Board of the Company in September 2000. Mr. Yu is the chairman of the Board, the chairman of executive committee and nomination committee of, and a controlling shareholder of the Company.

Mr. Yu is also the chairman of the Board of, of the executive committee of and of the nomination committee of Sino-i Technology Limited (“Sino-i”), a listed subsidiary of the Company, and, a director of a number of major subsidiaries of the Company and Sino-i.

Save as disclosed above, Mr. Yu has not held any positions with the Company and its group, nor held any other directorships in listed public companies in Hong Kong or overseas for the last three years.

Mr. Yu is entitled to receive a director’s emoluments approximately of HK\$252,000 for the year ended 31 December 2011 determined with reference to his duties and responsibilities within the Company, and is subject to review by the Board from time to time.

Mr. Yu has not entered into any service contract with the Company, nor been appointed for a specific term, but is subject to the retirement and rotation requirements in accordance with the Bye-Laws.

Ms. Kung Ai Ming, the spouse of Mr. Yu, is the substantial shareholder of the Company. Save as disclosed the above, Mr. Yu does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Yu is interests in 35,015,052,603 shares of the Company and 12,559,795,316 shares of Sino-i within the meaning of Part XV of the SFO.

There is no information relating to Mr. Yu that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Ms. Chen Dan — *Executive director*

Ms. Chen Dan, aged 43, graduated from Beijing Finance & Trade College and conferred a Bachelor degree in Trade & Economics, and obtained a degree of EMBA in China Europe International Business School, and is also a qualified lawyer in China.

Ms. Chen joined the Group in October 2000. In February 2006, Ms. Chen has been appointed as an executive director and executive committee member of the Company. In September 2011, Ms. Chen has been appointed as a general manager of the Company. In March 2012, Ms. Chen has been appointed as a nomination committee member of the Company.

Ms. Chen is also an executive director, executive committee member, nomination committee member and general manager of Sino-i. Ms. Chen is also a director of a number of major subsidiaries of the Company and Sino-i.

Save as disclosed above, Ms. Chen has not held any positions with the Company and its group, nor held any other directorships in listed public companies in Hong Kong or overseas for the last three years.

Ms. Chen is entitled to receive a director's emoluments approximately of HK\$292,500 for the year ended 31 December 2011 determined with reference to her duties and responsibilities within the Company, and is subject to review by the Board from time to time.

Ms. Chen has not entered into a service contract with the Company, nor been appointed for a specific term, but is subject to the retirement and rotation requirements in accordance with the Bye-Laws.

Ms. Chen does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Chen is interested in 32,000,000 shares of the Company within the meaning of Part XV of the SFO.

There is no information relating to Ms. Chen that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Ms. Liu Rong — *Executive director*

Ms. Liu Rong, aged 40, graduated from the Law School of Anhui University and obtained a Bachelor degree in Laws, and got her Master of Laws conferred by the Law Institute of Chinese Academy of Social Science, and is also a qualified lawyer in China. Prior to joining the Group, Ms. Liu worked in Chinese government departments and law firms.

Ms. Liu has been appointed as an executive director and executive committee member of the Company in March 2009. Ms. Liu is also a general manager of Dadi group of the Company, and is responsible for the businesses in culture and media of the Group.

Ms. Liu is also an executive director of Sino-i, and a director of a number of major subsidiaries of the Company and Sino-i.

Save as disclosed above, Ms. Liu has not held any positions with the Company and its group, nor held any other directorships in listed public companies in Hong Kong or overseas for the last three years.

Ms. Liu is entitled to receive a director's emoluments approximately of HK\$676,300 for the year ended 31 December 2011 determined with reference to her duties and responsibilities within the Company, and is subject to review by the Board from time to time.

Ms. Liu has not entered into any service contract with the Company, nor been appointed for a specific term, but is subject to the retirement and rotation requirements in accordance with the Bye-Laws.

Ms. Liu does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Liu does not have any interests in the shares within the meaning of Part XV of the SFO.

There is no information relating to Ms. Liu that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Prof. Jiang Ping — *Independent non-executive director*

Prof. Jiang Ping, aged 81, graduated from Moscow University with a Bachelor degree in Laws in 1956. Prof. Jiang is the lifetime professor of China University of Political Science and Law, conducts lectures for doctoral degree class in civil and commercial laws, the honorary president of China Comparative Law Research Centre, chairman of Beijing Arbitration Commission, and honorary arbitrator in China International Economic and Trade Arbitration Commission.

In February 2006, Prof. Jiang joined the Board of the Company and has been appointed as a member of audit committee and remuneration committee of the Company. In March 2012, Prof. Jiang has been appointed as a member of nomination committee of the Company. Prof. Jiang is also an independent non-executive director, member of audit committee, remuneration committee and nomination committee of Sino-i.

Save as disclosed above, Prof. Jiang has not held any positions with the Company and its group, nor held any other directorships in listed public companies in Hong Kong or overseas for the last three years.

Prof. Jiang is entitled to receive a director's emoluments approximately of HK\$215,900 for the year ended 31 December 2011 determined with reference to his duties and responsibilities within the Company, and is subject to review by the Board from time to time.

Prof. Jiang has not entered into any service contract with the Company, nor been appointed for a specific term, but is subject to the retirement and rotation requirements in accordance with the Bye-Laws.

Prof. Jiang does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Prof. Jiang does not have any interests in the shares within the meaning of Part XV of the SFO.

There is no information relating to Prof. Jiang that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save for the foregoing, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of the above Directors.

This Appendix summaries the principal terms of the New Scheme.

(1) PURPOSE OF THE SCHEME

The purpose of the New Scheme is to provide incentives or rewards to Participants thereunder for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

(2) WHO MAY JOIN

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of Participants, to take up options to subscribe for Shares:

- (a) any Eligible Employee;
- (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or technological support or other services to the Group or any Invested Entity;
- (f) any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (g) any ex-employee who has contributed or may contribute to the development and growth of the Group and any Invested Entity,

and, for the purposes of the New Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants or any discretionary object of a Participant which is a discretionary trust.

The basis of eligibility of any of the above class of Participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and any Invested Entity.

(3) MAXIMUM NUMBER OF SHARES

- (a) The maximum number of Shares to be issued upon exercise of all outstanding options granted under the New Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

- (b) The total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not exceed 10% of the Shares in issue as at the day of the passing of the relevant ordinary resolution for the New Scheme.
- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options previously granted (including those outstanding, cancelled, lapsed or exercised in accordance with the New Scheme and any other share option schemes of the Company) will not be counted.
- (d) Subject to (a) above, the Company may issue a circular to the Shareholders and seek separate Shareholders' approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in (c) above to Participants specifically identified by the Company before such approval is sought.

(4) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) to each Participant in any 12-month period shall not exceed 1% of the issued share capital of the Company in issue (the "Individual Limit"). Any further grant of Options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant, shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such Participant and his associates abstaining from voting.

(5) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of options under the New Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).
- (b) Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000;

such further grant of Options must be approved by the Shareholders. The Company shall send a circular to all Shareholders. All Connected Persons of the Company must abstain from voting at such general meeting, except that any Connected Person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(6) TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION

An offer of grant of an Option may be accepted by a Participant within 28 days from the date of the offer of grant of the Option. A consideration of HK\$1 is payable on acceptance of the offer of grant of an Option.

An Option may be exercised in accordance with the terms of the New Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the date on which the offer for the grant of Options is made but shall end in any event not later than 10 years from the date of grant of the Option subject to the provisions for early termination thereof and to the minimum period for which the Option has to be held before it can be exercised as the Directors may at their discretion determine. No minimum period for which the Option has to be held before it can be exercised is specified in the New Scheme.

(7) PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a Participant, a Participant is not required to achieve any performance targets before any options granted under the New Scheme can be exercised.

(8) SUBSCRIPTION PRICE FOR SHARES

The Subscription Price shall be a price determined by the Board, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant, which must be a trading day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for each different periods during the option period provided that the Subscription Price for Shares for each of the different period shall not be less than the Subscription Price determined in the aforesaid manner.

(9) RANKING OF SHARES

- (a) Shares allotted upon the exercise of an Option will be subject to all the provisions of the Bye-Laws and the Companies Act 1981 of Bermuda and will rank *pari passu* in all respects with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the

Grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry any voting rights until the completion of the registration of the grantee as the holder thereof.

- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, re-classification or reduction of the share capital of the Company from time to time.

(10) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

No offer for grant of Options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published on the websites of Stock Exchange and Company or any other means as per the Listing Rules or any other governing laws, rules and regulations. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Directors for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the last date on which the Company must publish its results announcement for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) under its listing agreement with the Stock Exchange and ending on the date of the announcement of the results, no Option may be granted.

The Directors may not grant any Option to a Participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(11) PERIOD OF THE NEW SCHEME

The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme becomes unconditional.

(12) RIGHTS ON CEASING EMPLOYMENT

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death or for serious misconduct or other grounds referred to in sub-paragraph 15 below before exercising his option in full, the Option (to the extent which has become exercisable and not exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last actual working day with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

(13) RIGHTS ON DEATH

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason of his or her death before exercising the Option in full, his or her personal representative(s) may exercise the Option (to the extent which has become exercisable and not exercised) in whole or in part within a period of 12 months from the date of death (or such longer period as the Board may determine).

(14) RIGHTS ON DISMISSAL

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Eligible Employee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity, his or her Option will lapse automatically on the date the Eligible Employee ceases to be an Eligible Employee.

(15) RIGHTS ON BREACH OF CONTRACT

If the Directors will at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, the Directors shall determine that the outstanding Option granted to the Grantee shall lapse. In such event, his or her Option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(16) RIGHTS ON A GENERAL OFFER

If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option (to the extent not exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her Option at any time before the close of such offer (or any revised offer). Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(17) RIGHTS ON WINDING UP

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the option period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time no later than two business days prior to the date on which such resolution is passed, exercise his or her Option (to the extent which has become exercisable and not exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Scheme and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the day prior to the date of the passing of the resolution to wind-up the Company. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the winding-up of the Company.

(18) RIGHTS ON COMPROMISE OR ARRANGEMENT BETWEEN THE COMPANY AND ITS CREDITORS

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his or her Option (to the extent such which has become exercisable and not exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement. Subject to the above, an Option will lapse automatically on the date the proposed compromise or arrangement becomes effective.

(19) ADJUSTMENTS TO THE SUBSCRIPTION PRICE OR NUMBER OF SECURITIES

In the event of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, subject to the New Scheme and the Option so far as unexercised or the subscription price for Shares provided that (i) any adjustments shall give a Grantee the same proportion of the issued share capital to which he was entitled prior to such alteration and that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (ii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such adjustment will be required in circumstances whether there is an issue of Shares or other securities of the Group as consideration in a transaction. In

addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(20) CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised must be approved by Shareholders in general meeting, with Participants and their associates abstaining from voting. Where the Company cancels Options and issues new Options to the same Option holder, the issue of such new Options may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in paragraph 3.

(21) TERMINATION OF THE NEW SCHEME

The Company may by resolution in general meeting at any time terminate the New Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of the New Scheme. Options (to the extent not exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Scheme.

(22) RIGHTS ARE PERSONAL TO THE GRANTEE

An Option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

(23) LAPSE OF OPTION

An Option shall lapse automatically (to the extent not exercised) on the earliest of:

- (a) the expiry of the period referred to paragraph 6;
- (b) the expiry of the periods or dates referred to from paragraphs 12 to 18; and
- (c) the date on which a breach of the provision restriction on transfer and assignment of an Option referred to in paragraph 22 is committed.

(24) OTHERS

- (a) The terms and conditions of the New Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees of the Options except with the approval of the Shareholders in general meeting.
- (b) Any alterations to the terms and conditions of the New Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Scheme.

- (c) The amended terms of the New Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (d) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Scheme shall be approved by the Shareholders in general meeting.

NOTICE OF ANNUAL GENERAL MEETING



南海控股有限公司*

NAN HAI CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Nan Hai Corporation Limited (the “Company”) will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 28 May 2012 at 10:45 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and auditor for the year ended 31 December 2011.
2. To re-elect the retiring directors and to authorize the board of directors of the Company to fix the remuneration of the directors.
3. To re-appoint the retiring auditor and to authorize the board of directors of the Company to fix their remuneration.

ORDINARY RESOLUTIONS

4. As special business, to consider and, if thought fit, pass the following resolutions (with or without amendments) as ordinary resolutions:

“THAT

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to allot, issue or grant securities convertible into such shares, or options, warrants or similar rights to subscribe for any such shares or such convertible securities and to make or grant offers, agreements and options which might require the exercise of such power whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorizations given to the directors of the Company and shall authorize such directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends pursuant to the bye-laws of the Company from time to time; (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) an issue of shares pursuant to the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, shall not exceed 20% of the nominal amount of the issued share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly;
- (d) subject to the passing of each of paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

5. **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with all applicable laws and

NOTICE OF ANNUAL GENERAL MEETING

the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares in the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;
 - (c) subject to the passing of each of paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
 - (d) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
6. **“THAT** subject to the passing of Resolutions numbered 4 and 5 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to issue and deal with additional shares pursuant to Resolution numbered 4 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution numbered 5 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution.”
7. **“THAT** with effect from the close of business of the day on which this resolution is passed, the existing share option scheme (the “Existing Scheme”) adopted by the Company pursuant to a resolution passed by the then shareholders of the Company on 29 August 2002 (a copy of the Existing Scheme is produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) be and it is hereby terminated and shall cease to have with any further effect save and except that the Existing Scheme will remain in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to termination thereof.”
8. **“THAT** subject to the passing of Resolution numbered 7 and subject also to and conditional upon the Stock Exchange granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of

NOTICE OF ANNUAL GENERAL MEETING

the option which may be granted under the rules of the new share option scheme (the “New Scheme”), a draft of which is produced to the meeting marked “ B” and signed by the chairman of the meeting for the purpose of identification, representing an amount (the “General Scheme Limit”) up to 10% of the issued shares of the Company as at the day on which this resolution is passed, with effect from the close of business of the day on which this resolution is passed, the rules of the New Scheme be approved and adopted and the Directors be and they are hereby authorised:

- (a) to approve any amendments to the rules of the New Scheme as may be acceptable or not objected to by the Stock Exchange;
- (b) at their absolute discretion to grant options to subscribe for shares of the Company in accordance with the rules of the New Scheme;
- (c) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the New Scheme provided that the aggregate nominal amount of shares which fall to be allotted and issued pursuant to this authority, together with any issue of shares of the Company upon the exercise of any options granted under any other share option scheme as may from time to time be adopted by the Company or its subsidiaries, shall not exceed the General Scheme Limit; and
- (d) to take all such steps as may be necessary, desirable or expedient to carry the New Scheme into effect.”

By order of the Board
Nan Hai Corporation Limited
Watt Ka Po James
Company Secretary

Hong Kong, 26 April 2012

Notes:

1. A shareholder of the Company entitled to attend and vote at the annual general meeting is entitled to appoint one or, if he/she is the holder of two or more shares, more than one proxy to attend and vote in his/her stead in accordance with the by-laws of the Company. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members will be closed from 23 May 2012 to 28 May 2012, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of members who are entitled to attend and vote at the meeting. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 22 May 2012.
4. As at the date of this notice, the directors of the Company are Mr. Yu Pun Hoi, Ms. Chen Dan, Ms. Liu Rong, Mr. Wang Gang, Mr. Lam Bing Kwan, Mr. Huang Yaowen, Prof. Jiang Ping and Mr. Lau Yip Leung.